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Pepsico & SABMiller target Rajasthan for barley sourcing

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Multinationals sourcing barley from Rajasthan for production of beer is increasing. After Pepsico India recently entered into an agreement with farmers in Rajasthan for producing barley for UB group, one of the leading global brewers, SABMiller on Tuesday announced doubling its barley sourcing from 7,090 tonne to 15,000 tonne.

"About 6,000 barley farmers in Rajasthan will become part of SABMiller's key supply chain in 2008," Graham Mackay, chief executive, SABMiller said in London.

After initiating contract farming in Punjab for producing high yielding basmati rice, mangoes, potatoes, chillies, peanuts and barley, PepsiCo India has also initiated Barley cultivation in two districts of northern Rajasthan.

PepsiCo has signed a three year memorandum of understanding (MoU) with more than 1,200 farmers from Sriganganagar and Hanumanagar districts of Rajasthan for producing high yielding malt barley for supplying to the United Breweries group (UB) for production of beer. PepsiCo has initiated the barley farming in more than 10,000 acres of land for producing 10,000 tonnes of barley.

Under the MoU which was signed in 2003, Pepsico India provides high quality seeds, technical knowledge to farmers for producing high yielding barley which could be supplied to UB group.



- ▶ Pepsico India has recently entered into an agreement with farmers in Rajasthan for producing barley for UB group
- ▶ The company has signed a 3-year MoU with more than 1,200 farmers in the state for producing high yielding malt barley
- ▶ SABMiller is also planning to double its barley sourcing from 7,090 tonne to 15,000 tonne
- ▶ About 6,000 farmers in the state will become part of the firm's key supply chain in 2008

"The UB group approached us because of our experience in undertaking contract farming while most of the barley requirement was imported by UB group for meeting rising demand for beer in the country," Amit Bose, executive vice president (exports) of PepsiCo India told FE.

"For providing the technical support to the farmers, we receive around Rs 500 per tonne from UB group for recovering our cost in the initiative," he said.

Before the PepsiCo's intervention, the farmers were cultivating barley as the second crop following the wheat cultivation. "All the Barley produced in Rajasthan was sold at around Rs 3-4 per kg mostly for use as cattle feed," Bose said.

According to the PepsiCo official, the farmers growing barley have been getting Rs 9-10 per kg. Besides, the farmers

have been getting other benefits out of producing barley because barley requires only 2-3 times watering while wheat requires more than six times of watering.

Many of the technical support were also provided by the department of agriculture, Rajasthan government and agriculture marketing board granted requisites permission. The Pepsico has opened eight procurement centres across the two districts for the farmers.

India produces more than 1.5 million tones of barley mostly used for the cattle feed. Rajasthan has the maximum growth of barley grain besides Madhya Pradesh, Andhra Pradesh, Orissa, Gujarat. Rajasthan produces about 431,000 tonned barley (35% of country's production) over 183,000 hectare area (28.8% of country's barley area).